

## Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15  
NSC-05 /054 W

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FM AMEMBASSY CARACAS

TO SECSTATE WASDC 1964

C O N F I D E N T I A L CARACAS 3598

E.O. 11653: GDS

TAGS: EAIR VE

SUBJECT: CIVAIR - PROBLEMS WITH VENEZUELA

REF: (A) STATE 95738 (B) CARACAS 3216

1. EMBASSY APPRECIATES PROMPT REPLY TO REFTEL. WE UNDERSTAND THAT THERE CAN BE DIFFERENCES BETWEEN VENEZUELA AND THE UNITED STATES DICTATED BY PERCEIVED SELF INTEREST. AS POINTED OUT IN REFTEL A, BASIC DIFFERENCES HAVE BEEN SUCCESSFULLY RECONCILED IN THE PAST. THE PURPOSE OF THE BILATERAL AGREEMENT IS IN PART TO PROVIDE THE MECHANISM FOR IRONING OUT DIFFICULTIES OF THIS SORT. FOR THIS REASON WE ALSO BELIEVE THAT IT WOULD BE USEFUL TO SCHEDULE A MEETING WITH THE VENEZUELAN SOON. AS TO TIMING, WE RECOMMEND THE MEETING BE SCHEDULED FAIRLY QUICKLY TO AVOID FURTHER DETERIORATION IN BILATERAL CIVAIR RELATIONS. SINCE THE LAST MEETING WAS HELD IN WASHINGTON IN MARCH, COURTESY WOULD DICTATE THAT THE NEXT MEETING BE HELD IN CARACAS. HOWEVER, WE DO NOT BELIEVE THE VENEZUELAN WOULD BE DIFFICULT ON THIS POINT SHOULD THERE BE SOME PRACTICAL REASON FOR HAVING THE MEETING IN THE UNITED STATES.

2. WE AGREE THERE PROBABLY EXIST FUNDAMENTAL DIFFERENCES  
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BETWEEN THE TWO GOVERNMENTS ON AVAIIATION POLICY. BUT WE DO NOT BELIEVE THIS IS THE PRINCIPAL REASON FOR VENEZUELA'S PRESENT UNHAPPINESS. MAJOR VENEZUELAN CONCERN STEMS FROM WHAT THEY SEE AS FAILURE TO APPLY SECTION VI MECHANISM FOR MAKING TARIFF CHANGES, INFORMING AND CONSULTING. FOR BOTH REASONS, TO USE SECOND BILATERAL MEETING SIMPLY TO BRIEF (ONCE MORE)

THE VENEZUELAN'S ON THE ADMINISTRATION'S POLICY WOULD NOT BE HELPFUL. WE DOUBT THAT VENEZUELA'S CHANGE IN ATTITUDE IS BASED ON PAN AM'S GROWING SHARE OF THE MARKET. ACCORDING TO PAN AM REPRESENTATIVES HERE, THE TWO AIRLINES GET ALONG VERY WELL. ACCORDING TO PAN AM, A MAJOR GROWTH FACTOR LIMITING FOR VIASA IS CAPACITY RATHER THAN COMPETITION FROM PAN AM.

3. WE SUGGEST THAT THE USG VIEW A SECOND MEETING IN A POSITIVE WAY TO DISCUSS SECTION VI AND TO REPAIR DETERIORATING CIVIL RELATIONS. WE COULD ALSO TRY TO GET THE VENEZUELAN'S TO ACCEPT OUR NEW POLICY AS BENEFICIAL NOT ONLY TO THE U.S. CONSUMER AND U.S. AIRLINES, BUT ALSO TO VIASA. GIVEN THE RELATIVELY HIGH RATE STRUCTURE ON U.S.-VENEZUELAN ROUTES, THE USG MAY BE ABLE TO MAKE A CASE THAT REVENUE LOST TO VIASA PER PASSENGER BECAUSE OF LOWER FARES CAN BE MADE UP BY HIGHER LOAD FACTORS INDUCED BY LOWER FARES. IN ANY CASE, WE SHOULD PREPARE FOR THE MEETING CAREFULLY. OTHERWISE WE ARE LIKELY TO HAVE A REPETITION OF THE LAST MEETING WHICH, FROM OUR VANTAGE POINT, WOULD NOT ONLY BE USELESS, BUT COUNTERPRODUCTIVE. VAKY

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## Message Attributes

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**Disposition Date:** 20 Mar 2014  
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